

September 19, 2005



Honorable Donald E. Powell
Chairman
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429

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Mr. John F. Carter
Regional Director
Federal Deposit Insurance Corporation
25 Jessie Street at Ecker Square, Suite 2300
San Francisco, CA 94105

Re: Comments regarding FDIC application #20051977; Wal-Mart Application for Insurance and Industrial Bank Charter

Dear Chairman Powell and Mr. Carter:

Thank you for the opportunity to comment on Wal-Mart's application for a Utah industrial loan company charter and federal deposit insurance. On behalf of the Board of Directors of CountryBank USA, I write in strong opposition to this application.

CountryBank USA is a locally-owned, independent bank located in rural North Dakota. We have 45 local shareholders and two offices – one in Cando and one in Devils Lake. Cando is a town of 1,300 residents and has three local banks serving the community. We have one branch office in Devils Lake, North Dakota, a town of 8,000 people served by eight financial institutions. Devils Lake also has a Wal-Mart whose market area encompasses approximately a 60 mile radius surrounding Devils Lake, including the town of Cando.

I have been employed by CountryBank USA for 26 years. Since the time when I moved to Cando in 1979, the community has maintained three local banks, yet our Main Street has lost one grocery store, two car dealerships, a variety store, two clothing stores, an implement dealership, and a drug store. Many of the products and services formerly offered by these local businesses were displaced by Wal-Mart. Granted, Wal-Mart did not cause the demise of all of these businesses – changes to the agricultural industry played a role, however it is telling that the number of community banks have not declined and in fact the number of manufacturing and healthcare services have increased significantly during that time. Only the retail district has been adversely affected. My observation is that it is extremely difficult for local business to compete against big box retailers such as Wal-Mart that have the ability to control the entire supply chain, from the manufacturer to the customer.

It wouldn't be so bad if in fact our citizens were gaining in customer service and community reinvestment along with the promises of lower prices. However, that is not the case. Recently I was traveling through Espanola, New Mexico on the way to a banker's conference in Taos at which I had been asked to speak about community banking. I stopped at a Super Wal-Mart to pick up some cough syrup. It was "super" chaos within the store. About two-thirds of the checkout lines in this Super Wal-Mart

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were "self-checkout" and the lines were 10 customers deep trying to figure out how to maneuver through the self-service lanes. Many could not speak English and were extremely confused by the computer's directions on how to pay. It took me nearly an hour to buy my cough syrup. I would have gone someplace else, but there were no other choices.

If Wal-Mart is allowed to enter into banking, I fear that many of the nation's 6,000 banks under \$1 billion in size will succumb to the same fate as our Main Street businesses have. Over the long run, my \$40 million bank cannot stand up to Wal-Mart's ability to undercut pricing until the competition is gone. Neither can the other local banks in my market.

As a reasonably young, educated banker in my 40's, I will move on and find a job elsewhere, most likely far from rural North Dakota. Most of my other educated bank officers will leave as well, causing a leadership drain in the community. But what of the people that are left? Where will my tellers, and bookkeepers, and loan support people go for jobs and how will they replace their living wage salaries and benefit packages? And what of the small businesses? Where will the remaining small businesses go for loans to finance their operating lines of credit? Will Wal-Mart make the local florist or optometrist a loan – the very businesses that they are competing against?

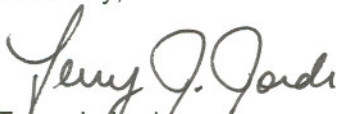
But then again, Wal-Mart says they only want an ILC charter to process their internal transactions. As they say in North Dakota, "I may have been born at night, but not last night." This is Wal-Mart's fourth attempt to get into banking, having been stopped three times before by Gramm-Leach-Bliley, the Office of Thrift Supervision, and the State of California. Wal-Mart has made it clear that their growth strategies are in the financial services arena. They have the size and the power and the money to ultimately control the payment system.

The regulatory framework in which this company will operate also raises serious concerns to the deposit insurance fund. Although the FDIC will have power to regulate the Wal-Mart ILC, it will not have sufficient power to regulate and control its owner, the *world's largest company*. My bank has paid premiums into this fund since 1967. It doesn't seem right or fair that these premiums will now be used to fund the growth of Wal-Mart's insured deposits.

This application raises serious questions about the mixing of banking and commerce, impartial credit allocation, customer service, community disinvestment, economic concentration, and safety and soundness.

For these reasons I strongly encourage the FDIC to deny Wal-Mart's application for deposit insurance. Thank you for your consideration of these comments.

Sincerely,

A handwritten signature in dark ink, appearing to read "Terry J. Jorde". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Terry J. Jorde
President and CEO